

NATIONAL SECURITY COUNCIL  
WASHINGTON

COPY NO. 1

August 5, 1953

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Further United States Support for France  
and the Associated States of Indochina

REFERENCES: A. NSC 124/2  
B. NSC Action Nos. 758, 773 and 780  
C. NIE-63 and NIE-91

The enclosed report by the Department of State on the subject is transmitted herewith for consideration by the National Security Council of the recommendation contained in paragraph 9 thereof at its meeting on Thursday, August 6, 1953.

*James S. Lay, Jr.*  
JAMES S. LAY, Jr.  
Executive Secretary

cc: The Secretary of the Treasury  
The Chairman, Joint Chiefs of Staff  
The Director of Central Intelligence



The winding up of the Indochina war is a necessary condition to enable France to check both these trends and reassume a more confident and positive role on the continent.

4. The lack of success so far in Indochina is traceable largely to French failure:

a. by timely grants of sovereignty and impressive military success, to win a sufficient native support to permit more rapid development of larger and more effective native armies, and to frustrate nationalist appeal of the Viet Minh.

b. to plan and execute aggressive military operations.

5. The present French government is the first in seven years which seems prepared to do what needs to be done to wind up the war in Indochina. Its plans offer the United States at last an opportunity to attack the major Indochinese and Metropolitan French problems as a whole. The French Premier has assured our representatives that his government is anxious to continue the struggle and to press on to win, but he can carry through his program against political opposition only if he offers a "package" solution, not only of Indochina but of the related French weakness in Europe and at home. For this purpose the new government has developed the following program:

a. Military Initiative. A new commander, General Navarre, has taken over in Indochina and is determined to assume the offensive. The initial operations under his command testify to this resolve. He has revised the plan originally presented in outline to us by M. Letourneau in March 1953 for breaking the back of Viet Minh resistance during the campaign season of 1954-55. His plans include an increase in the native armies by approximately the following figures: 59,600 in 1953; 76,000 in 1954, and 20,000 in 1955 for a total of 331,650 by January 1956. At his request, the French government is prepared, despite popular opposition, to send nine more regular infantry battalions plus ancillary units from France, if the rest of the program is agreed on. The Navarre operational plans drawn up on Indochina were approved by Lt. Gen. O'Daniel, USA, in his report on his recent mission.



b. Political Program. Pursuant to the French declaration of July 3, M. Laniel has assured U. S. representatives of his determination to grant genuine independence to the Associated States without the strings which have marked the previous grants of "independence". He apparently envisages something very much like Dominion status, retaining only such French authority and privileges as may be agreed.

c. Fiscal Rehabilitation. Laniel conceives his project for Indochina as an integral part of a new and supreme effort by France to "put its house in order". He plans to approach a balanced budget during CY 1954. This will involve a cut in French military as well as civil expense for that year. At the same time he contemplates a greater effort in Indochina. To do this he asks the U. S. for additional assistance amounting to about \$400 million for FY 1954.

6. a. Attached are two tables showing (1) the financing of the Indochina war in CY 1953 and as proposed for CY 1954; and (2) U. S. aid for France and Indochina under 1953 program and 1954 appropriations. They contain tentative figures for 1954.

b. As the first table makes clear, under the proposed program, the United States would assume about 50 per cent of the 1954 budgetary expenditures (\$829 million out of \$1,676 million) and, if end-item aid is included, would be carrying about 61 per cent of the total financing. This would represent about two and one-third times the amount of U. S. aid for CY 1953.

c. As shown by the second table, this program would entail an increase of \$403 million over the assistance now planned for France (\$1,286 million). Of the total French military budget for both Indochina and NATO, the presently planned U. S. aid, including end items, would be 26 per cent; if the aid were increased as requested, such U. S. assistance, including end items, would be 34 per cent of the total.

d. Finally, as the first table indicates, under the program, the total expenditures for Indochina for 1954, including end items, would be \$2,160 million as compared with \$1,700 for CY 1953.



7. The program presents substantial risks. Under it, the French build-up in Europe would be slowed down in some degree, both by the limited troop diversion and the cut in the French military budget. Moreover, in the best of circumstances, the Indo-Chinese war cannot be successfully closed out before the 1954-55 fighting season. Consequently, in addition to any supplemental aid furnished now, we would have to contemplate a comparable further contribution a year from now to assure a satisfactory conclusion. Furthermore, there is the risk that the French Union forces in Indo-China might suffer reverses before the projected additional effort can be brought to bear.

8. Despite these risks and uncertainties it is believed that the U. S. should agree, in its own security interests, to furnish the additional \$400 million of aid to France. Various factors lead to this conclusion:

a. The Laniel government is almost certainly the last French government which would undertake to continue the war in Indo-China. If it fails, it will almost certainly be succeeded by a government committed to seek a settlement on terms dangerous to the security of the U. S. and the Free World. The negotiation of a truce in Korea, added to the frustrations and weariness of the seven years' war, has markedly increased the sentiment in France for some kind of negotiated peace in Indo-China. In the recent protracted French governmental crisis, every leading candidate bid for popular support with some kind of promise to reduce the Indo-China commitment in some way. For the first time in seven years, latent defeatist impulses emerged into real efforts by political and parliamentary leaders to "pull out".

b. Under present conditions any negotiated settlement would mean the eventual loss to Communism not only of Indo-China but of the whole of Southeast Asia.

c. The loss of Indo-China would be critical to the security of the U. S. Communist control of Indo-China would endanger vital raw material sources; it would weaken the confidence of other Southeast Asian states in Western leadership; it would make more difficult and more expensive the defense of Japan, Formosa and the Philippines; and complicate the creation of viable Japanese economy. If the French actually decided to withdraw, the U. S. would have to consider most seriously whether to take over in this area.

d. On the other hand, if the proposed program does succeed, and the French are able to achieve victory in Indo-



China within two years, the effect will be to strengthen the Free World and our coalition in Europe as well as Southeast Asia. France will be enabled to adopt in Europe the active role which her weakness has undermined in the preceding period.

#### Recommendation

9. Accordingly it is recommended that the National Security Council agree to an increase in aid to France in the current fiscal year by an amount not exceeding \$400 million above that already committed, provided only that (a) the Joint Chiefs of Staff inform the National Security Council that in their view the French plan holds the promise of military success; and (b) the Director of the Foreign Operations Administration ascertain the available sources within currently appropriated funds and, the extent to which a special supplementary appropriation will be necessary when Congress reconvenes in January 1954.